

~~SECRET~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7

ATTN :
FOIAb3b1

Assistant Director for Operations
Acting Chief, P & C Staff, OO
Acting Chief, [REDACTED]

9 October 1953

~~CONFIDENTIAL~~

Suggestions on Future Budget Preparations

25X1A8a

REF : Memorandum for Chiefs, OO Divisions and [REDACTED] Staff from Acting Chief, P & C Staff, OO dated 15 September 1953, same subject.

1. In compliance with paragraph 2 of referenced memorandum, the following comment and suggestions relating to future budget preparations are offered:

a. Time is the most essential factor and one that will ultimately govern the thoroughness that should permeate the Budget. The more components an activity has the more time is required, particularly when these components are scattered about the world.

Time is required, first of all, to understand the scope, the ramifications and the complexities inherent in the instructions issued by the Budget Division. They must be considered not only in their relationship to each activity as a composite entity but to each subordinate field component considered on an individual basis as well. Procedural differences from previously issued instructions must be absorbed and clearly understood before their effect upon both Department and Field can be determined and adequate instructions issued to the Field.

Again, the thorough discussion of new techniques and methods of budget approach take time to become totally or even adequately intelligible.

Time is required to prepare instructions in the Department for Field issuance and this requirement should not be pressured. The more leisurely guidance to the Field can be prepared, the more sound and the more thorough will be the budgets prepared by the Field on the basis of these instructions.

Time is also a factor in the mere transmission of instructions to the Field and the forwarding of completed budgets from the Field to headquarters. A maximum 20 days are allotted by [REDACTED] for this purpose alone.

FOIAb3b1

Time is required to analyze these budgets in the Department, once they have been received.

This document is part of a classified integrated file.
If separated from file, document is unclassified.

Document No. 81

Change in Class. ☐

Declassified ☐

Class. Changed to: TS S ☒

Next Review Date: 1984

Auth: HR 703

Date: 12 JUN 1978

By: J572

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7

~~SECRET~~ ~~CONFIDENTIAL~~

~~SECRET~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7

~~SECURITY INFORMATION~~

Time is required to competently compare suspect discrepancies discovered in budgets submitted by [REDACTED] which are comparable in scope and size one with another. 25X1A8a

Time is required to query the Field for more elaborate explanations of items that are not entirely comprehensible.

Time is required to amass all this myriad information into one consolidated draft.

Time is required to discuss, using this draft as a starting point, budget policy at division level, to reevaluate operational programs and projects tentatively planned for incorporation in the budget, to deliberate and establish levels of priority among them, to make subtotal and total computations, to work out charts, graphs, exhibits, and statements and to have them reproduced and returned to the division.

Time is required after the preliminary hearings and approval of the draft to prepare the budget in final form. As a matter of incidental information, this phase almost alone in the preparation of the [REDACTED] cost the Agency 417 hours of overtime or \$739.82. This averaged out to 52 hours and \$92.48 for each of eight employees. These figures multiplied by the number of divisions in the Agency in a position more or less comparable to [REDACTED] must have reached a staggering total, because time was not the carefully considered factor it should have been. As a result, deadlines could not have been more unrealistic. FOIAb3b1 FOIAb3b1

b. In connection with the time factor, the Comptroller's Office has rather regularly from year to year taken unfair advantage of the operating divisions in that established deadlines for submission of budgets have interfered with unwarranted excess in the daily routine of regular office business. This lack of consideration seems to stem from a mistaken impression that budget affairs constitute the bulk of an administrative office's business - an impression that could not be further removed from the facts, but which permits each administrative office concerned no choice but to drop every other phase of its daily activities and to concentrate solely on budget preparation. This is the fruit of poor management and at least mediocre planning. It completely negates all planning done by administrative offices along lines of activity outside the orbit of budget matters. It disrupts vacation schedules which were assigned long in advance [REDACTED] schedules are usually made up by the end of April each year). FOIAb3b1

2. Together with the general comment offered above the following general and specific suggestions are offered for consideration:

~~SECRET~~

~~CONFIDENTIAL~~

~~SECRET~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7
SECURITY INFORMATION

a. Preparatory guidance should be furnished all activities about the first week in January and no later. This will enable any operating activity, but particularly one with overseas components, to be better informed at the outset and to have a complete picture of what will be entailed in budget preparation and so be of greater assistance in issuing the best possible type of instructions to the Field.

b. The initial budget instruction should be about the same in scope and content as the instruction now issued in mid-May or later. At the time these instructions are disseminated all changes in format or presentation should be included so that budgets submitted by the Field may be used to best advantage by headquarters offices in preparing their budgets. The initial instruction should include the following:

- (1) Guidance of a general nature
- (2) Deadlines (specific, firm, and reasonable)
- (3) The number of copies desired, etc.
- (4) Travel rates, including rates between overseas points
- (5) Transportation rates, including rates between overseas points
- (6) Any innovations affecting computations and format.

c. Budget preparation should be routine, to be submitted at the same time each year after being prepared at the same time each year, and, as far as possible, should adhere to the same format each year.

d. The one line submission (Office estimates) should be reconsidered and reevaluated in respect to its defensibility as a sound budget approach and if, all things considered, the labor entailed in its preparation should outweigh the useful purpose it may serve, it should be abolished, if only on the basis that it duplicates the budget preparation workload almost 100%.

e. In establishing deadlines for submission of budgets to the Budget Division, the following time factors should be given serious consideration:

- (1) Twelve weeks, including three weeks transit time and nine weeks for preparation, should be allotted the Field.
- (2) If the submission of Office estimates is to become a standard procedure the operating activities should be allowed a minimum of four weeks in which to prepare such estimates.

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7

~~SECRET~~

~~CONFIDENTIAL~~

~~SECRET~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7
SECURITY INFO

(3) A minimum of eight weeks should be provided for the preparation and submission of Agency estimates.

f. In order to save many man-hours of typing and proof-reading, forms should be prepared on thin paper which would require only one run to produce the necessary number of copies.

g. To save trips to the Reproduction Division, holes should be pre-punched before budget forms are disseminated throughout the Agency.

3. The following suggestions are offered by Object Class:

01 - Since the computation of personal services is a very time-consuming process, methods of computation should be uniform and formulas devised well in advance to allow more efficient preparation of personal services estimates.

02 - The Transportation Division should provide in the budget instructions travel rates for travel between points in the United States and points overseas and between overseas points.

03 - The Transportation Division should provide in the budget instructions all rates for transportation, both domestic and overseas, including methods for computing rates for both official cargo and household shipments. This should be done on a point to point basis to include:

- a. D. C. to East and West Coast
- b. Port of embarkation to port of debarkation
- c. Debarkation port area to final destination, etc.

04 - The Communications Office should provide the operating divisions with all information relating to cost and chargeability of communications circuits. The alternative is to have each individual operating activity assume these responsibilities. From the point of view of control and management, splitting communications budget requirements between the Communications Office and the operating divisions leads only to confusion.

05 - Operating divisions should not have to budget for possibilities, whether proximate or remote, such as those which seem to occur in this Object Class as well as in Object Class 07. To do so serves only to pad budgets with money that is usually never spent because these possibilities never seem to occur. Operating divisions should be held accountable in budget preparation for those requirements only which can be foreseen readily or which fall within the category of at least high probability.

~~CONFIDENTIAL~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7

~~SECRET~~

~~SECRET~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7


This would provide a truer picture of each activity's operating costs and would be a more sensible approach in these days when attempts are being made to tighten controls on fiscal expenditures.

~~CONFIDENTIAL~~

In the event that possible requirements which have not been provided for should really eventuate, there should be some device accessible which would not be as formal or as laborious as present procedures. For example, each Deputy Director might be provided a contingency fund which he himself would control. When unbudgeted requirements would be presented to him and justified to his satisfaction, he could give approval without being obliged to have recourse to a higher authority.

06, 08, 09 - The Reproduction Division and the Logistics Office should be prepared to advise all operating activities well in advance of the budget year under consideration what charges they will be assessed for printing and binding services and Procurement and Supply services respectively. In other words, this information should not come to light at the beginning of an active fiscal year (which is a year and a half too late as far as budgeting for particular requirements is concerned). Such information should be issued automatically to the operating divisions at a certain time early in each calendar year, or better, this information could be incorporated as an appendix to the budget instructions. The operating divisions should not be required to dig and pry for information of this type.

25X1A9a



JDP/peg

-5-

~~CONFIDENTIAL~~

Approved For Release 2001/08/20 : CIA-RDP78-03097A000500040107-7

~~SECRET~~